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State of Utah
DEPARTMENT OF NATURAL RESOURCES
Division of Oil, Gas & Mining

ROBERT L. MORGAN
Executive Director

LOWELL P. BRAXTON
Division Director

March 18, 2004

Zions First National Bank
3 West Main
Vernal, Utah 84078
(435) 789-7082

Attention: Annette Pullin, Assistant Manager

Subject: Reclamation Surety, Certificate of Deposit for Ralph Simpson's Homer & Barts Mine Site,
S/047/078, Uintah County, Utah
Certificate of Deposit no _____; Principal Amount \$5,000.00

This letter describes the mutually agreed upon instructions of the below signed parties to Zions First National Bank ("Bank"), regarding the control, redemption, and release of Bank's above-described certificate of deposit ("CD"), which is being used as a surety to guarantee the availability of reclamation funds for the Homer & Barts mine site ("Mine Site"), Uintah County, Utah. It is the intention of the parties that the CD be utilized as surety to guarantee that \$5,000.00 in reclamation funds will be available to the State of Utah, Division of Oil, Gas & Mining ("Division") and the School and Institutional Trust Lands Administration ("SITLA") upon demand in the event that the operator of the Mine Site are unable or unwilling to complete reclamation of the mine site in compliance with applicable state law and regulations.

Ownership and Renewal:

Ownership of the CD is retained by Ralph Simpson, an individual, ("Owner"), but it is held by Bank for the benefit of the State of Utah, Division of Oil, Gas & Mining, and SITLA and is subject to the terms and conditions described in this agreement. The CD shall automatically renew indefinitely until either redeemed or released by both the Director of the Division and the authorized officer of SITLA.

Redemption:

The CD may only be redeemed (i.e., called on demand), pursuant to the written instruction or demand of both the Director of the Utah Division of Oil, Gas & Mining, and the authorized officer of SITLA to the Bank. Upon the instruction and demand of both the Director, and the authorized officer of SITLA, the full initial amount of the CD shall be transferred to the State of Utah, Division of Oil, Gas and Mining. Owner agrees and irrevocably instructs Bank that neither the Owner, nor any other person claiming an ownership interest in the CD which is derived from the Owner, shall have the authority to prevent the Bank from carrying out the Director's instruction to redeem the CD. Upon redemption, any accrued interest in excess of the initial amount of the CD shall be transferred to Owners control, or if Owner does not instruct the Bank, the accrued interest shall be reinvested in the CD. If a signature card is prepared, it shall be drafted consistent with the requirement that only both the Director of the Division, and the authorized officer of SITLA may redeem the CD.

Release:

The bank shall release the CD only upon the written instruction of both the Director of the Division, and the authorized officer of SITLA to the Bank. Upon release, the terms and conditions of this agreement are no longer in effect, and the unconditioned control of the CD shall be returned to the Owner, or their legal successors-in-interest.

Accrued Interest:

Prior to release or redemption, all interest which accrues by the CD shall be 1) dispersed quarterly to the Owner as the Owner may instruct the Bank, or 2) shall be reinvested in the CD until such time the Owner may instruct the Bank where to transfer such interest. In no event shall the Bank transfer any amount from the CD which would cause the redemption amount of the CD to be less than the initial amount, \$5,000.00. All tax liabilities for accrued interest shall remain the sole responsibility of the Owner.

Bank will not be held liable for any dispute between the parties.

